



NCUA Media Release

NCUA to Ensure Uninterrupted Services from U.S. Central Bridge Corporate

Lack of Support for PayNet Prompts NCUA Contingency Plan

ALEXANDRIA, Va. (Sept. 2, 2011) – The National Credit Union Administration (NCUA) is implementing contingency plans after the Payments Network Federal Credit Union (PayNet) organizing council announced today that PayNet will not launch.

The member-driven solution to charter PayNet as a vehicle to provide back-office payment and settlement services to consumers through U.S. Central Bridge Corporate Federal Credit Union's member corporate credit unions did not achieve sufficient support to launch PayNet as a viable business model. Agent for the conservator of U.S. Central Bridge, Scott Hunt, announced activation of NCUA's contingency plans in a letter to the members of U.S. Central Bridge today.

"NCUA will look to alternative resolution plans to facilitate the orderly transition of member services to other service providers," said Hunt. "While we have a fiduciary duty to achieve the least, long-term cost resolution of U.S. Central Bridge, we remain committed to minimizing disruption to its corporate members, and in turn, natural person credit unions and American consumers."

NCUA has evaluated the individual service lines at U.S. Central Bridge and will be determining the appropriate resolution for each, including the transition of select services to other providers. NCUA has had a number of contingency plans in place since the beginning of the corporate system resolution in preparation for this potential outcome.

"We have no plans to immediately shutter U.S. Central Bridge operations, nor will we ask corporate credit unions to immediately transition away from U.S. Central Bridge," Hunt said.

The 15 corporates involved in the failed PayNet initiative should conduct due diligence on possible alternatives to ensure any eventual transition does not disrupt service to their members. U.S. Central Bridge is the transitional organization set up under NCUA's conservatorship after U.S. Central collapsed during the economic crisis.

NCUA is the independent federal agency created by the U.S. Congress to regulate, charter and supervise federal credit unions. With the backing of the full faith and credit of the U.S. Government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of more than 91 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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